

Message Text

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ACTION IO-14

INFO OCT-01 CIAE-00 CU-04 INR-07 NSAE-00 AID-05 USIA-06
AF-10 ARA-10 EA-10 EUR-12 NEA-10 ISO-00 AGRE-00
EB-08 COME-00 TRSE-00 ABF-01 OMB-01 /099 W
-----116273 241020Z /10

R 240945Z JAN 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 4708
INFO USMISSION GENEVA
USMISSION USUN
AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY ROME

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NESCO

FOR FODAG

E.O.11652: N/A
TAGS: AORG, UNESCO
SUBJECT: UNESCO GENEVA GROUP MEETING WITH SECRETARIAT
OFFICIALS

1. SUMMARY: GENEVA GROUP (UNESCO) MET WITH UNESCO
DIRECTORS OF BUDGET AND PLANNING. BUDGET DIRECTOR
REPORTED THAT CURRENT PROJECTION FOR 1979-80 BUDGET IS
\$280 MILLION, ASSUMING EXCHANGE RATE OF 4.80 FRENCH
FRANCS TO DOLLAR. \$280 MILLION IS DOWNWARD REVISION
FROM AUGUST ESTIMATES. PROGRAM GROWTH WAS REPORTED TO BE
\$6 MILLION IN NEW FUNDS OR 4 OF BUDGET TOTAL.

2. GENEVA GROUP (UNESCO) MET 19 JANUARY WITH UNESCO'S
BUDGET DIRECTOR, T. C. YOUNG, AND DIRECTOR OF STUDIES AND
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PROGRAMMING, JEAN KNAPP. ALL BUT SWITZERLAND WERE
PRESENT, MAJORITY AT PERMREP LEVEL. SECRETARIAT
OFFICIALS WERE NOT FORTHCOMING AND PROBABLY EVASIVE. IN
SEVERAL CASES, GG MEMBERS EITHER REPEATED QUESTIONS OR
PLAINLY STATED THAT ANSWERS WERE NOT SATISFACTORY.
CANADIAN AND ITALIAN PERM DELS QUESTIONED WHETHER BUDGET
WAS QUOTE SIMPLE MATHEMATICAL EXERCISE UNQUOTE OR DONE ON

A MORE RATIONAL BASIS OF DERIVING VALUES FROM
ESTIMATED PROGRAM EXPENDITURES.

3. IN RESPONSE TO QUESTIONS CONCERNING GROWTH RATES,
KNAPP LED OFF BY STATING THAT 1979-80 BUDGET WAS
PROJECTED TO INCLUDE \$6 MILLION PROGRAM GROWTH. CROSS-
EXAMINATION REVEALED \$6 MILLION WAS ADD-ON, ADDITIONAL
TO QUOTE \$2 - 3 MILLION UNQUOTE FROM DISCONTINUED
PROGRAMS OR PROJECTS. LATER, ON DIFFERENT MATTER, YOUNG
REPORTED THAT A REVISION IN CALCULATION OF LAPSE FACTOR
WOULD RESULT IN SAVINGS OF \$1 MILLION. THUS TOTAL PROGRAM
GROWTH IS \$9 - 10 MILLION, OF WHICH MINIMUM OF \$6 MILLION
IS FOR 44 OBJECTIVES IN PART II OF BUDGET (PROGRAM
OPERATIONS AND SERVICES) AND \$2.4 MILLION FOR OTHER PART
II GROWTH. DISPOSITION OF BALANCE OF MONEY BUDGETED FOR
GROWTH COULD NOT BE DETERMINED ON BASIS OF SECRETARIAT
RESPONSES, ALTHOUGH IT WAS CLEAR SO-CALLED "MANDATORIES"
WERE TREATED SEPARATELY AND NOT INCLUDED IN FIGURES
SERVING AS BASIS FOR CALCULATING PROGRAM GROWTH. BELGIAN
MEMBER, IN STRESSING NEED FOR EVALUATION AND PRIORITIES,
COMMENTED THAT ALTHOUGH SECRETARIAT MAKING NO ATTEMPT
AT PROGRAM EVALUATION, \$6 MILLION WAS BEING ADDED.
ITALIAN MEMBER SUGGESTED THAT \$6 MILLION GROWTH AND -0-
MONEY INCREASE WERE POSSIBLE IF SAVINGS USED.

4. PERCENTAGE RATE OF GROWTH WAS REPORTED BY KNAPP AS
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4 PCT REPEATED QUESTIONS ABOUT HIS MATHEMATICAL
CALCULATIONS RESULTED IN INCREASED CONFUSION AND A
FEELING OF FRUSTRATION AMONG GG MEMBERS. AFTER MEETING

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NESCO

ONE MEMBER OF GROUP LEARNED FROM YOUNG THAT \$6 MILLION NEW MONEY PLUS \$2-3 SAVINGS IS ABOUT 4 PCT OT TOTAL 1977-78 BUDGET OF \$224 MILLION. (PERM DEL COMMENT: RATE OF PROGRAM GROWTH SHOULD BE CALCULATED ON PROGRAM ELEMENT OR PART II WHICH IS \$146 MILLION FOR CURRENT BIENNIUM, GIVING RATE CLOSER TO 6 PCT.

5. GG MEMBERS ALSO ADDRESSED REMARKS TO PART VI OF BUDGET, APPROPRIATION RESERVE, WHICH WAS DESIGNED TO HANDLE COST OF INFLATION INCURRED IN FIRST YEAR OF BIENNIUM. IN 103 EX/5 (AUGUST, 1977), SECRETARIAT HAD PROPOSED TO INCREASE 1977-78 PROVISION OF \$13 MILLION TO \$15 MILLION FOR NEXT BIENNIUM. ALTHOUGH IT WAS POINTED OUT TO SECRETARIAT OFFICIALS THAT AT TIME THESE FIGURES RELEASED, ONLY \$4 MILLION OF THE \$13 MILLION HAD BEEN USED, GG ATTEMPTS TO UPDATE ESTIMATES OF ACTUAL REQUIREMENTS RAN INTO STONE WALL.

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6. WITH RESPECT TO INFLATION, YOUNG REPORTED THAT UNESCO WAS USING AN 8 RATE FOR 1978 (AS COMPARED TO 9 PCT OF 103 EX/5) BUT DID NOT QUANTIFY DOLLAR AMOUNT. HE INFORMED GG, HOWEVER, THAT NEW BUDGET DOCUMENT, SCHEDULED FOR DISTRIBUTION BY 15 MARCH, WILL INCLUDE DATA SHOWING RATES OF INFLATION AND EXCHANGE FLUCTUATIONS PROJECTED FOR DIFFERENT CAPITALS AND CURRENCIES.

7. LAST QUESTION OF MEETING ASKED FOR LEVEL OF 1979-80 BUDGET. YOUNG INDICATED THAT \$280 MILLION WOULD BE LEVEL IF 4.80 USED FOR FRENCH FRANC TO DOLLAR. COMMENT: YOUNG EARLIER HAD REPEATED THAT EVERY DROP OF FIVE FRENCH CENTIMES ADDS \$2.2 MILLION TO BUDGET, AS ORIGINALLY REPORTED IN 103 EX/5 PARA 35. SAME DOCUMENT,

WHICH WAS PREPARED IN AUGUST, PROJECTED TOTAL BUDGET OF
\$284,072,000 AT 4.80 FRENCH FRANCS. NO EXPLANATION WAS
GIVEN FOR LOWER FIGURE AND, IN FACT, AWARENESS THAT
SECRETARIAT HAD LOWERED SIGHTS WAS DEPENDENT UPON
MEMBERS' FAMILIARITY WITH EARLIER FIGURES.
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